

108TH CONGRESS  
1ST SESSION

# S. 119

To provide special minimum funding requirements for certain pension plans maintained pursuant to collective bargaining agreements.

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## IN THE SENATE OF THE UNITED STATES

JANUARY 9, 2003

Mr. SANTORUM (for himself, Mr. SPECTER, Mr. WARNER, and Mrs. DOLE) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To provide special minimum funding requirements for certain pension plans maintained pursuant to collective bargaining agreements.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. MODIFICATION OF FUNDING REQUIREMENTS**  
4               **FOR CERTAIN PLANS.**

5               (a) FUNDING RULES FOR CERTAIN PLANS.—

6               (1) IN GENERAL.—Notwithstanding any other  
7       provision of the Internal Revenue Code of 1986 or  
8       the Employee Retirement Income Security Act of  
9       1974, the minimum funding rules under paragraph

1 (2) shall apply for any plan year beginning after De-  
2 cember 31, 2002, in the case of a defined benefit  
3 plan which—

4 (A) was established by an air carrier which  
5 was granted a conditional loan guarantee by the  
6 Air Transport Stabilization Board on July 10,  
7 2002, and which filed for protection under  
8 chapter 11 of title 11, United States Code, on  
9 August 11, 2002, and

10 (B) is maintained for the benefit of such  
11 carrier's employees pursuant to a collective bar-  
12 gaining agreement.

13 (2) SPECIAL FUNDING RULE.—

14 (A) IN GENERAL.—In the case of a plan  
15 described in paragraph (1), the minimum fund-  
16 ing requirements under this paragraph shall be  
17 the requirements set forth in Treasury Regula-  
18 tion section 1.412(c)(1)–3 (as in effect on the  
19 date of the enactment of this section).

20 (B) RULES OF SPECIAL APPLICATION.—In  
21 applying the requirements of Treasury Regula-  
22 tion section 1.412(c)(1)–3 for purposes of para-  
23 graph (1)—

1 (i) the plan shall be treated as having  
 2 met the requirements of Treasury Regula-  
 3 tion section 1.412(c)(1)–3(a)(2),

4 (ii) the payment schedules shall be de-  
 5 termined—

6 (I) by using the maximum amor-  
 7 tization period permitted under sec-  
 8 tion 1.412(c)(1)–3, and

9 (II) on the basis of the actuarial  
 10 valuation of the accrued liability and  
 11 the current liability of the plan as of  
 12 January 1, 2003, less the actuarial  
 13 value of the plan assets on that date,

14 (iii) the payments under a restoration  
 15 payment schedule shall be made in level  
 16 amounts over the payment period, and

17 (iv) the actuarial value of assets shall  
 18 be the fair market value of such assets as  
 19 of January 1, 2003, with prospective in-  
 20 vestment returns in excess of or less than  
 21 the assumed return phased in over 5 years.

22 (b) EFFECTIVE DATE.—The amendments made by  
 23 this section shall apply to plan years beginning after De-  
 24 cember 31, 2002.

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